

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)	
SPEARS WATER COMPANY)	CASE NO. 94-510

O R D E R

On December 15, 1994, Spears Water Company, Inc. ("Spears") filed its application with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to the purchased water adjustment procedure. 807 KAR 5:067.

The Commission, having reviewed the record and being sufficiently advised, finds that:

1. Spears purchases water from two suppliers, the City of Nicholasville ("Nicholasville") and the Kentucky-American Water Company ("Kentucky-American").

2. Effective with bills due and payable in January 1995, Nicholasville will increase its rates for wholesale water from \$1.49 per 1,000 gallons to \$1.81 per 1,000 gallons. Kentucky-American will not be increasing its rates at this time.

3. Spears proposed to increase the rates to its customers effective January 15, 1995.

4. During the 12 months ending October 31, 1994, Spears purchased 169,617,715 gallons of water and sold 169,277,800 gallons.

5. Spears' calculations are correct and show an increase in purchased water cost of \$44,470.34, resulting in a purchased water

adjustment of 26 cents per 1,000 gallons. Based on an average monthly usage of 5,000 gallons, the average bill of Spears' customers would increase \$1.30 from \$20.75 to \$22.05 or 6 percent.

6. The purchased water adjustment of 26 cents per 1,000 gallons and the rates in Appendix A, attached hereto and incorporated herein, are fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

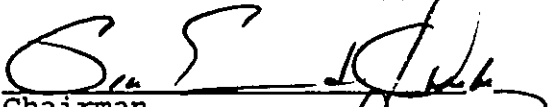
1. The purchased water adjustment of 26 cents per 1,000 gallons and the rates in Appendix A are approved for services rendered on and after January 15, 1994.

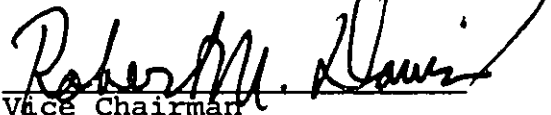
2. Spears' proposed tariff is approved.

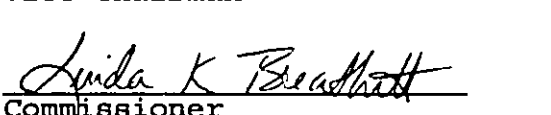
3. Within 20 days of the effective date of this Order, Spears shall file verification that the notice to its customers has been given.

Done at Frankfort, Kentucky, this 13th day of January, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 94-510 DATED JANUARY 13, 1995.

The following rates and charges are prescribed for the customers in the area served by Spears Water Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

<u>Gallage Block</u>	<u>Monthly Rate</u>
First 2,000 Gallons	\$ 9.66 Minimum Bill
Next 10,000 Gallons	4.13 per 1,000 Gallons
Over 12,000 Gallons	3.28 per 1,000 Gallons